

## DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services  
Room 303-D  
200 Independence Avenue, SW  
Washington, DC 20201



### Public Affairs Office

---

## MEDICARE NEWS

FOR IMMEDIATE RELEASE  
September 23, 2003

Contact: CMS Public Affairs Office  
(202) 690-6145

### **MEDICARE ANNOUNCES PLAN TO ACCEPT HIPAA NON-COMPLIANT ELECTRONIC TRANSACTIONS AFTER OCTOBER 16 COMPLIANCE DEADLINE**

The Centers for Medicare & Medicaid Services (CMS) announced today that it will implement a contingency plan to accept noncompliant electronic transactions after the October 16, 2003 compliance deadline. This plan will ensure continued processing of claims from thousands of providers who will not be able to meet the deadline and otherwise would have had their Medicare claims rejected.

“Implementing this contingency plan moves us toward the dual goals of achieving HIPAA compliance while not disrupting providers’ cash flow and operations,” said CMS Administrator Tom Scully.

CMS made the decision to implement its contingency plan after reviewing statistics showing unacceptably low numbers of compliant claims being submitted.

“Medicare is able to process HIPAA-compliant transactions,” said Tom Grissom, director of CMS’ Center for Medicare Management, “but we need to work with our trading partners to increase the percentage of claims in production.”

The contingency plan permits CMS to continue to accept and process claims in the electronic formats now in use, giving providers additional time to complete the testing process. CMS will regularly reassess the readiness of its trading partners to determine how long the contingency plan will remain in effect.

The authority to implement a contingency plan was provided by guidance issued by HHS on July 24. CMS recognized that transactions often require the participation of two covered entities and that non-compliance by one covered entity may put the second covered entity in a difficult position. The guidance stated that covered entities that make a good faith effort to comply with HIPAA transactions and code set standards may implement contingencies to maintain operations and cash flow.

CMS announced its contingency plan on September 11, but at that time had not made a decision on whether the plan would be implemented. Today’s announcement means the CMS plan will be implemented on October 16, 2003.

“We encourage other plans to assess the readiness of their trading partners and implement contingency plans if appropriate,” Grissom said.

###